



Steven L. Beshear
Governor

Robert D. Vance, Secretary
Environmental and Public
Protection Cabinet

Larry R. Bond
Commissioner
Department of Public Protection

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

Mark David Goss
Chairman

John W. Clay
Vice Chairman

Caroline Pitt Clark
Commissioner

February 22, 2008

Steele Davis
Northeast Woodford County Water District
225A South Main Street
Versailles, KY 40383

RE: Case No. 2008-00061
Northeast Woodford County Water District

The Commission staff has reviewed your application in the above case and finds that it meets the minimum filing requirements. Enclosed please find a stamped filed copy of the first page of your filing. This case has been docketed and will be processed as expeditiously as possible.

If you need further assistance, please contact Scott Lawless at 502/564-3940.

Sincerely,

A handwritten signature in cursive script that reads "Mike Burford".

Mike Burford
Director Division of Filings

MB/MB
Enclosure



Steven L. Beshear
Governor

Robert D. Vance, Secretary
Environmental and Public
Protection Cabinet

Larry R. Bond
Commissioner
Department of Public Protection

Commonwealth of Kentucky
Public Service Commission
211 Sower Blvd.
P.O. Box 615
Frankfort, Kentucky 40602-0615
Telephone: (502) 564-3940
Fax: (502) 564-3460
psc.ky.gov

Mark David Goss
Chairman

John W. Clay
Vice Chairman

Caroline Pitt Clark
Commissioner

February 20, 2008

Steele Davis
Northeast Woodford County Water District
225A South Main Street
Versailles, KY 40383

RE: Case No. 2008-00061
Northeast Woodford County Water District
(General Rates)
Adjustment of rates for Water Service

This letter is to acknowledge receipt of initial application in the above case. The application was date-stamped received February 19, 2008 and has been assigned Case No. 2008-00061. In all future correspondence or filings in connection with this case, please reference the above case number.

If you need further assistance, please contact my staff at (502) 564-3940.

Sincerely,

A handwritten signature in black ink, appearing to read "Beth O'Donnell".

Beth O'Donnell
Executive Director

BOD/tw

NORTHEAST WOODFORD WATER DISTRICT



**225 A South Main St.
Versailles, KY 40383
859-873-5989
FAX: 859-873-7904**



Date: February 18, 2008

TO: Public Service Commission

FR: **FRED FAUST**

RE: Northeast Woodford Water Rate Adjustment

2008-61

Please find attached original plus 11 copies of adjustment of Rates for the Northeast Woodford Water District.

One copy of same has been sent to the Attorney General's Consumer Protection Division.

Also, please find attached NOTICE ran in Woodford Sun on 02/13/08. This ad will run consecutively for 3 weeks upon approval and an affidavit will follow.

NOTICE

Northeast Woodford County Water District has filed an application with the Public Service Commission to increase its rates for water service.

Monthly Rate – 5/8" X 3/4" Meter:

<u>Current</u>			<u>Proposed Rate</u>				
First	2,000	Gallons	\$11.79	First	2,000	\$12.50	Minimum Bill per 1,000 gallons per 1,000 gallons per 1,000 gallons
Next	2,000	Gallons	4.22	Next	2,000	4.04	
Next	6,000	Gallons	3.77	Next	6,000	3.75	
Over	10,000	Gallons	3.26	Over	10,000	3.53	

2" Meter

First	20,000	Gallons	\$75.45	First	20,000	\$78.38	Minimum Bill per 1,000 gallons
Over	20,000	Gallons	3.26	Over	20,000	3.53	

<u>MONTHLY USAGE</u>	<u>MONTHLY BILL AT CURRENT RATE</u>	<u>MONTHLY BILL AT PROPOSED RATE</u>	<u>PERCENT INCREASE OVER CURRENT</u>
2,000	11.79	12.50	6.0%
5,000	24.00	24.33	1.3%
10,000	42.85	43.08	5.3%
20,000	75.45	78.38	3.9%
30,000	108.05	113.68	5.2%
50,000	173.25	184.28	6.4%
75,000	254.75	272.53	6.9%
100,000	336.25	360.78	7.3%
150,000	499.25	537.28	7.6%
200,000	662.25	713.78	7.8%
300,000	988.25	1,066.78	7.9%

The rates contained in this notice are the rates proposed by the Northeast Woodford County Water District. However, the Public Service Commission may order rates to be charged that are higher or lower than the rates proposed in this notice.

Any corporation, association, body politic, or person may request leave to intervene by motion within thirty (30) days after notice of the proposed rate change is given. A motion to intervene shall be in writing; shall be submitted to the Executive Director, Public Service Commission, Post Office Box 615, Frankfort, KY 40602; and shall set forth the grounds for the motion, including the status and interest of the party movant. Copies of the application may be obtained at no charge from the District office at 225-A South Main St. in Versailles, KY 40383. Upon request from an intervenor, the District shall furnish to the intervenor a copy of the application and supporting documents.

Northeast Woodford County Water District

RECEIVED

FEB 19 2008

PUBLIC SERVICE
COMMISSION

FILED

FEB 19 2008

PUBLIC SERVICE
COMMISSION



COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION



In the Matter of:

AN ADJUSTMENT OF RATES FOR WATER)
SERVICE OF NORTHEAST WOODFORD)
WATER DISTRICT)

Case No. 2008-61

Comes the Applicant, Northeast Woodford Water District, pursuant to 807 KAR 5:001, Section 10, gives notice to the Kentucky Public Service Commission of its intent to increase its water rates so as to raise in total additional annual revenues the principal sum of \$21,833. In support of this application and notice, Applicant files the following information as required by the applicable KAR as so stated.

807 KAR 5:001:

Section 8(1)

Pursuant to KRS 278.180, Applicant with the mailing address of Northeast Woodford Water District, 225A South Main St., Versailles, Kentucky 40383, is hereby requesting that the Commission allow it to adjust its rates charged for water service.

Section 8(2)

Included herein is the original and eleven (11) copies of same.

Section 10(1)(b)(1)

The rate adjustment is needed to provide financial resources to pay operating costs and service long-term debt.

Section 10(1) (b)(2)

Applicant has filed its 2006 annual report with the Commission as well as annual reports for all prior years of operation.

Section 10(1)(b)(3)

N/A. Applicant is not a corporation with articles and by-laws. It is a water district organized and operated pursuant to KRS 74.

Section 10(1)(b)(4) and (5)

N/A. Applicant is not a limited partnership.

Section 10(1)(b)(6)

A certified copy of a certificate of assumed name is not necessary in this instance.

Section 10(1)(b)(7)

The proposed tariff sheet is attached hereto as Exhibit A, Page 7 of 8.

Section 10(1)(b)(8)

A comparison of the present and proposed tariffs is attached hereto as Exhibit B.

Section 10(1)(b)(9)

Applicant has provided notice to its customers as required by 807 KAR 5:001, Section 10 (3) and (4). A copy of the notice is attached hereto as Exhibit B. The publisher's affidavit will be forwarded to the Commission within 45 days of the application date.

Section 10(2)

N/A. Gross revenues of the Applicant do not exceed \$1,000,000.

Section 10(6)(a)

A complete description and quantified explanation for all proposed adjustments to test year operations is included as Exhibit C, Pages 2 – 3 of 4, as attached hereto.

Section 10(6)(b) and (c)

N/A. Gross revenues of Applicant do not exceed \$1,000,000.

Section 10(6)(d)

The proposed rates for water service will produce additional annual revenues of \$21,833.

Section 10(6)(e)

The impact of the rate increase on the average customer is shown in Exhibit B.

Section 10(6)(f)

N/A. Applicant is not a local exchange company.

Section 10(6)(g)

A summary of Applicant's billing analysis is provided at Exhibit G.

Section 10(6)(h)

Applicant's revenue requirement was determined using a 120 percent debt service coverage as detailed in Exhibit C, Page 4 of 4. The cost of service study used to allocate the revenue requirements and develop the proposed rates is attached hereto as Exhibit A, Pages 2 – 6 of 8.

Section 10(6)(i)

N/A. Rate base and weighted cost of capital calculations was not performed as Applicant used a debt service coverage ratio to determine its revenue requirements.

Section 10(6)(j)

N/A. Applicant's chart of accounts is not more detailed than those contained in the applicable Uniform Systems of Accounts.

Section 10(6)(k)

A copy of the independent auditor's report and all correspondence to management regarding internal controls for the test year was submitted to the Commission along with Applicant's 2006 Annual Report.

Section 10(6)(l)

N/A. Applicant does not file with the Federal Energy Regulatory Commission.

Section 10(6)(m)

N/A. Applicant does not file with the Federal Energy Regulatory Commission.

Section 10(6)(n)

Depreciation study not performed. However, a copy of Applicant's depreciation schedule is included as Exhibit D. Note that an adjustment to test year operations was made at Adjustment (G) of Exhibit C to account for a change in depreciable lives assigned to mains and meters. The remaining life method was used in these calculations. These adjustments will be accounted for in our 2007 annual report.

Section 10(6)(o)

Microsoft Word and Excel were used to develop the application.

Section 10(6)(p)

N/A. Applicant has no stock outstanding and no prospectus was completed for bond offerings as Applicant is a water district.

Section 10(6)(q)

All annual reports have been filed with the Commission.

Section 10(6)(r)

N/A. Monthly managerial reports are not prepared.

Section 10(6)(s)

N/A. Applicant does not file with the Securities and Exchange Commission

Section 10(6)(t)

N/A. Applicant has no affiliated companies.

Section 10(6)(u)

N/A. Applicant's revenues are less than \$5,000,000.

Section 10(6)(v)

N/A. Applicant is not a local exchange carrier.

Section 10(7)(a)

A pro forma operating statement is attached hereto as Exhibit C, Page 1 of 4.

Section 10(7)(b)

N/A. Applicant does not prepare capital construction budgets.

Section 10(7)(c)

There are no adjustments to test year operations reflecting future plant additions.

Section 10(7)(d)

N/A. Applicant does not prepare monthly operating budgets.

Section 10(7)(e)

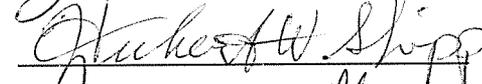
All revenue adjustments are detailed in Exhibit C, Page 2 of 4.

A copy of this Application was mailed simultaneously to:

Office of the Attorney General
1024 Capital Center Drive, Suite 200
Frankfort, Kentucky 40601-8204

Wherefore, Applicant asks that the Public Service Commission of the Commonwealth of Kentucky issue an order authorizing Applicant to increase its rates for water service so as to raise \$21,833 in additional annual revenues.

Respectfully submitted,


Northeast Woodford Water District

**NORTHEAST
WOODFORD COUNTY
WATER DISTRICT**

**COST OF SERVICE
STUDY**

NORTHEAST WOODFORD COUNTY WATER DISTRICT				
ALLOCATION OF PLANT VALUE				
	TOTAL	COMMODITY	DEMAND	CUSTOMER
Structures & Improvements	\$16,265		\$16,265	
Land & Land Rights	2,000		2,000	
Pumping Equipment	3,445		3,445	
Distribution Reservoirs & Standpipes	48,956		48,956	
Meters & Meter Installations	224,339			\$224,339
Transmission & Distribution Mains	1,497,862		1,497,862	
Hydrants	9,278			9,278
SUBTOTAL	\$1,802,145	\$0	\$1,568,528	\$233,617
PERCENT	100.00%	0	87.04%	12.96%
General Plant (1)				
Tools, Shop & Garage Equipment	609		530	79
Other Plant & Misc. Equipment	39,450		34,336	5,114
Office Furniture & Equipment	7,775		6,767	1,008
TOTAL VALUE	\$1,849,979	\$0	\$1,610,161	\$239,818
(1) General Plant allocated based on overall weighted allocation of all other plant.				
Note: Figures used were derived from 2006 annual report				

NORTHEAST WOODFORD COUNTY WATER DISTRICT
ALLOCATION OF DEPRECIATION EXPENSE

	TOTAL	COMMODITY	DEMAND	CUSTOMER
Structures & Improvements	\$16,265		\$16,265	
Distribution Reservoirs & Standpipes	48,956		48,956	
Pumping Equipment	3,445		3,445	
Meters & Meter Installations	102,728			\$102,728
Hydrants	4,109			4,109
Transmission & Distribution Mains	646,688		646,688	
SUBTOTAL	\$822,191	\$0	\$715,354	\$106,837
PERCENT	100.00%	0.00%	87.01%	12.99%
Tools, Shop & Garage Equipment	853		742	111
Office Furniture & Equipment	6,809		5,924	885
TOTAL DEPRECIATION	\$829,853	\$0	\$722,020	\$107,833
Note: Figures used were derived from 2006 annual report				

NORTHEAST WOODFORD COUNTY WATER DISTRICT				
ALLOCATION OF OPERATION AND MAINTENANCE EXPENSE				
	TOTAL	COMMODITY	DEMAND	CUSTOMER
Contractual Services - Management Fees	\$26,517			\$26,517
Contractual Services - Other	34,761		\$12,166	22,595
Purchased Water	362,193	\$362,193		
Purchased Power	6,782	6,782		
Materials & Supplies	32,769		32,769	
SUBTOTAL	\$463,022	\$368,975	\$44,935	\$49,112
LESS COMMODITY	-\$368,975			
SUBTOTAL	\$94,047		\$44,935	\$49,112
PERCENT	100.00%		47.78%	52.22%
Insurance - General Liability	6,156		2,941	3,215
Contractual Services - Legal	570		272	298
Contractual Services - Accounting	3,800		1,816	1,984
Commissioner Fees	18,000		8,600	9,400
Amortization	14,348		6,855	7,493
Taxes Other Than Income	2,239		1,070	1,169
Miscellaneous Expense	17,216		8,226	8,990
TOTAL	\$525,351	\$368,975	\$74,716	\$81,660

NORTHEAST WOODFORD COUNTY WATER DISTRICT				
SUMMARY OF ALLOCATIONS				
	TOTAL	COMMODITY	DEMAND	CUSTOMER
Plant Percentages	100.00%		87.04%	12.96%
Available For Debt Service	\$41,917		\$36,483	\$5,434
Depreciation Percentages	100.00%		87.01%	12.99%
Total Depreciation	31,792		27,661	4,131
Total Operation & Maintenance	525,351	\$368,975	74,716	81,660
REVENUE REQUIREMENT	\$599,060			
<i>Less: Other Operating Revenue</i>	-14,059			-14,059
<i>Less: Interest Income</i>	-16,481			-16,481
REVENUE REQUIRED FROM RATES	\$568,520	\$368,975	\$138,860	\$60,685

NORTHEAST WOODFORD COUNTY WATER DISTRICT

CALCULATION OF WATER RATES

	TOTAL	FIRST 2,000	NEXT 2,000	NEXT 6,000	OVER 10,000
FROM BILLING ANALYSIS:					
COMMODITY PERCENTS	100.00%	15.29%	23.64%	7.19%	53.89%
ACTUAL COMMODITY SALES	134,136,000	20,505,000	31,707,000	9,643,000	72,281,000
PEAK DEMAND WEIGHTED FACTOR					
PEAK DEMAND WEIGHTED SALES	178,749,810	2	1.66	1.33	1
DEMAND PERCENTS	100.00%	22.94%	29.45%	7.17%	40.44%
COMMODITY COSTS	\$368,975	\$56,404	\$87,218	\$26,526	\$198,827
DEMAND COSTS	\$138,860	\$31,858	\$40,888	\$9,963	\$56,151
CUSTOMER COSTS	\$60,685	\$60,685			
TOTAL COSTS	\$568,520	\$148,947	\$128,106	\$36,489	\$254,978
DIVIDE BY BILLS/GALLONS					
CALCULATED RATES		11,919	31,707,000	9,643,000	72,281,000
		\$12.50	\$4.04	\$3.78	\$3.53
RECOMMENDED RATES					
		\$12.50	\$4.04	\$3.78	\$3.53
		FIRST 2,000	NEXT 2,000	NEXT 6,000	OVER 10,000

FOR _____
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

NORTHEAST WOODFORD COUNTY WATER DISTRICT
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

CONTENTS

Monthly Water Rates

5/8" X 3/4" Meter

First	2,000 gallons	\$ 12.50 minimum bill
Next	2,000 gallons	4.04 per 1,000 gallons
Next	6,000 gallons	3.75 per 1,000 gallons
Over	10,000 gallons	3.53 per 1,000 gallons

2" Meter

First	20,000 gallons	\$ 78.38 minimum bill
Over	20,000 gallons	3.53 per 1,000 gallons

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE _____

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

FOR ENTIRE AREA SERVED
P.S.C. KY. NO. _____

_____ SHEET NO. _____

NORTHEAST WOODFORD COUNTY WATER DISTRICT
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

RULES AND REGULATIONS

~~5/8" X 3/4" Meter~~

~~First 2,000 gallons — \$11.79 minimum bill
Next 2,000 gallons — 4.22 per 1,000 gallons
Next 6,000 gallons — 3.77 per 1,000 gallons
Over 10,000 gallons — 3.26 per 1,000 gallons~~

~~2" Meter~~

~~First 20,000 gallons — \$75.45 minimum bill
Over 20,000 gallons — 3.26 per 1,000 gallons~~

5/8" X 3/4" Meter

First 2,000 gallons \$12.50 minimum bill
Next 2,000 gallons 4.04 per 1,000 gallons
Next 6,000 gallons 3.75 per 1,000 gallons
Over 10,000 gallons 3.53 per 1,000 gallons

2" Meter

First 20,000 gallons \$78.38 minimum bill
Over 20,000 gallons 3.53 per 1,000 gallons

DATE OF ISSUE _____
Month / Date / Year

DATE EFFECTIVE _____
Month / Date / Year

ISSUED BY _____
(Signature of Officer)

TITLE _____

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____

NOTICE

Northeast Woodford County Water District has filed an application with the Public Service Commission to increase its rates for water service.

Monthly Rate – 5/8" X 3/4" Meter:

<u>Current</u>			<u>ProposedRate</u>	
First	2,000 Gallons	\$11.79	First	2,000
Next	2,000 Gallons	4.22	Next	2,000
Next	6,000 Gallons	3.77	Next	6,000
Over	10,000 Gallons	3.26	Over	10,000

\$12.50 Minimum Bill
 4.04 per 1,000 gallons
 3.75 per 1,000 gallons
 3.53 per 1,000 gallons

2" Meter

First	20,000 Gallons	\$75.45	First	20,000	\$78.38	Minimum Bill
Over	20,000 Gallons	3.26	Over	20,000	3.53	per 1,000 gallons

	MONTHLY		MONTHLY	PERCENT
	BILL AT		BILL AT	INCREASE
MONTHLY	CURRENT		PROPOSED	OVER
<u>USAGE</u>	<u>RATE</u>		<u>RATE</u>	<u>CURRENT</u>
2,000	11.79		12.50	6.0%
5,000	24.00		24.33	1.3%
10,000	42.85		43.08	5.3%
20,000	75.45		78.38	3.9%
30,000	108.05		113.68	5.2%
50,000	173.25		184.28	6.4%
75,000	254.75		272.53	6.9%
100,000	336.25		360.78	7.3%
150,000	499.25		537.28	7.6%
200,000	662.25		713.78	7.8%
300,000	988.25		1066.78	7.9%

The rates contained in this notice are the rates proposed by the Northeast Woodford County Water District. However, the Public Service Commission may order rates to be charged that are higher or lower than the rates proposed in this notice.

Any corporation, association, body politic, or person may request leave to intervene, by motion within thirty (30) days after notice of the proposed rate change is given. A motion to intervene shall be in writing, shall be submitted to the Executive Director, Public Service Commission, Post Office Box 615, Frankfort, KY 40602, and shall set forth the grounds for the motion, including the status and interest of the party movant. Copies of the application may be obtained at no charge from the District office at 225-A South Main St. in Versailles, KY 40383. Upon request from an intervenor, the District shall furnish to the intervenor a copy of the application and supporting documents.

Northeast Woodford County Water District

	Test Year	Adjustments	Ref.	Pro Forma
Operating Revenue				
Sales of Water	\$ 492,374	\$ 14,418 (A)		
		39,894 (B)		\$ 546,686
Other Operating Revenue				
Penalties	12,429			12,429
Miscellaneous Service Revenues				
Returned Check Fees	160			160
Reconnection Fees	1,470			1,470
Total Other Operating Revenue	14,059	-		14,059
Total Operating Revenue	506,433	54,312		560,745
Operating Expenses				
Operation and Maintenance				
Salaries and Wages - Employees	18,000			18,000
Purchased Water	354,270	7,923 (C)		362,193
Purchased Power	7,245	(463) (D)		6,782
Materials and Supplies	32,769			32,769
Contractual Services - Accounting	3,800			3,800
Contractual Services - Legal	570			570
Contractual Services - Management Fees	23,997	2,520 (E)		26,517
Contractual Services - Other	31,949	2,812 (E)		34,761
Insurance General Liability	6,156			6,156
Miscellaneous Expenses	13,116	4,100 (F)		17,216
Total Operation and Maintenance	491,872	16,892		508,764
Depreciation	43,418	(11,626) (G)		31,792
Amortization		14,348 (H)		14,348
Taxes Other Than Income	2,239			2,239
Total Operating Expenses	537,529	19,613		557,142
Net Operating Income	(31,096)	34,699		3,604
Plus: Interest Income	19,950	(3,469) (I)		16,481
Income Available to Service Debt	\$ (11,146)	\$ 31,230		\$ 20,084

(A)

A billing analysis was performed to test the recording of test year revenues. To complete this analysis a 100 percent sample of test year customer billings was reviewed. By applying the rates of Northeast Woodford Water District that were in effect for the test year it was determined that reported revenues were understated by \$14,418. Test year revenues have been increased by this amount to properly account for test year sales.

(B)

Pursuant to Commission Order of May 29, 2007, Northeast Woodford Water District was granted authority to increase its rates for water service to recovery an increase in its wholesale purchased water rate. Test year sales have been increased by \$39,893 to account for this change in Northeast's rates for water service.

(C)

Purchased water has been adjusted to account for an increase in the wholesale rate of Northeast Woodford's supplier, city of Versailles (See Exhibit H for a copy of notice of increase), and to eliminate excess water loss as defined by 807 KAR 5:066 Section 6 (3).

Test Year Purchases	171,203,800
Times: Rate Per Thousand, See Exhibit H	<u>\$ 2.26</u>
Pro forma	386,921
Times: Excess Water Loss Percentage	<u>6.391%</u>
Excess Water Loss Adjustment	<u>24,727</u>
Recoverable Pro Forma Water Purchases (Pro forma - Excess Water Loss Adj.)	362,193
Less: Test Year	<u>(354,270)</u>
Adjustment	<u>\$ 7,923</u>
Water Loss	
Test Year Purchases	171,203,800
Less: Sales	(134,136,000)
Flushing	<u>(446,000)</u>
Water Loss	<u>36,621,800</u>
Water Loss as a Percentage of Purchases	21.391%
Less: Allowable Water Loss	<u>15%</u>
Excess Water Loss	<u>6.391%</u>

(D)

To adjust test year purchased power to eliminate purchased power to pump excess water loss.

Test Year Pumping Costs	\$ 7,245
Times: Excess Water Loss	<u>-6.391%</u>
Adjustment	<u>\$ (463)</u>

(E)

Northeast Woodford's daily office and field operations are conducted through two contract laborers. Subsequent to the test year both contract laborers increased their fees which are based on the number of monthly meter connections. During the test year office labor was charged at \$1.90 per meter connection. This test year expense was accounted for in Contractual Services - Management Fees. This fee increased by 10.5 percent to \$2.10 per meter connection. During the test year field labor was charged at \$2.80 per meter connection. This test year expense was accounted for in Contractual Services - Other. This fee increased by 8.8 percent to \$3.05 per meter connection. Test year expenses have been increased by a total of \$5,331 to account for these increases in contract labor.

Contractual Services - Management	\$ 23,997
Percent Increase	10.5%
Adjustment for Office Labor	<u>2,520</u>
Contractual Services - Other	31,949
Percent Increase	8.8%
Adjustment for Field Labor	<u>2,812</u>
Total Adjustment	<u>\$ 5,331</u>

(F)

Test year operating expenses do not include a provision for bad debts expense. An adjustment has been made increasing test year expenses by \$4,100 to include an estimated bad debt expense equal to .75 percent of pro forma revenue from water service. The bad debt percentage is an estimate based upon historic collections.

Pro forma Revenue from Water Service	\$ 546,686
Times: Bad Debt Percentage	0.75%
Adjustment	<u>\$ 4,100</u>

(G)

Test year depreciation expense has been decreased by \$11,626 to account for a change in the estimated service lives assigned to mains and meters. For each of these asset groups Northeast Woodford had assigned useful lives that did not fall within the life ranges recommended by the National Association of Regulatory Utility Commissioners (NARUC). The decreasing adjustment accounts for a change to the average life recommended by NARUC using the straight line, remaining life method. The calculation of this adjustment is shown in detail at Exhibit D. This change in accounting estimate will be accounted for in Northeast Woodford's financial statements from this point forward.

(H)

Northeast Woodford will paint the Lane's View Elevated Storage Tank in the spring of 2008. The 10 year amortization of this expense has been included in the pro forma based upon the bid from Caldwell Tanks, Inc. A copy of the Caldwell bid is attached hereto as Exhibit E.

Bid Amount	\$ 143,475
Divide by: 10 years	<u>10</u>
Annual Recovery	<u>\$ 14,348</u>

(I)

Test year interest income was accrued on average test year cash balances totaling \$825,257. Northeast Woodford intends to expend cash in the amount of \$143,475, or 17.39 percent of the average test year cash balance, for the proposed tank painting referenced in item (H). Interest income has then been adjusted to account for the decreased interest income resulting from this depletion of cash funds.

Test Year Interest Income	\$ 19,950
Decreasing Percentage of Cash Funds	<u>-17.39%</u>
Adjustment	<u>\$ (3,469)</u>

Northeast Woodford County Water District
Revenue Requirement Calculation
TYE 12/31/06

Exhibit C
Page 4 of 4

Operating Expenses	\$ 557,142
Plus: 5 Year Average Principal and Interest (Exh. F)	34,931
20 Percent Coverage	<u>6,986</u>
Total Revenue Requirement	599,059
Less: Other Operating Revenue	(14,059)
Interest Income	<u>(16,481)</u>
Revenue Requirement from Rates	568,519
Less: Normalized Revenue from Rates	<u>(546,686)</u>
Required Revenue Increase from Rates	<u><u>\$ 21,833</u></u>

Northeast Woodford County Water District
 Depreciation Using Remaining Life
 TYE 12/31/06

Exhibit D

Asset	Year in Service	Original Cost	Accumulated Depreciation as of 12/31/06	Net Balance as of 12/31/06	Original Assigned Life	Reassigned Life	Current Age	Remaining Life	Remaining Life Depreciation	2006 Depreciation Expense Per Book
Mains	1982	467,692.70	428,463.39	39,229.31	40.00	62.50	25	37.50	1,046.11	11,692.32
Mains	1983	4,754.00	2,852.40	1,901.60	40.00	62.50	24	38.50	49.39	118.85
Mains	1984	9,768.58	5,616.90	4,151.68	40.00	62.50	23	39.50	105.11	244.21
Mains	1985	6,160.00	3,388.00	2,772.00	40.00	62.50	22	40.50	68.44	154.00
Mains	1986	12,218.25	6,414.60	5,803.65	40.00	62.50	21	41.50	139.85	305.46
Mains	1987	9,362.32	9,362.35	(0.03)	10.00	62.50	20	42.50	(0.00)	(562.83)
Mains	1988	7,494.33	7,494.33	-	10.00	62.50	19	43.50	-	-
Mains	1997	11,085.41	2,494.22	8,591.19	40.00	62.50	10	52.50	163.64	277.14
Mains	1997	12,032.30	3,008.08	9,024.22	40.00	62.50	10	52.50	171.89	300.81
Mains	1998	971.20	218.52	752.68	40.00	62.50	9	53.50	14.07	24.28
Mains	1998	32,074.58	7,216.77	24,857.81	40.00	62.50	9	53.50	464.63	801.86
Mains	2003	152,867.60	15,286.76	137,580.84	40.00	62.50	4	58.50	2,351.81	3,821.69
Mains	2005	5,312.04	265.60	5,046.44	40.00	62.50	2	60.50	83.41	132.80
Mains UK	2006	65,700.00	1,642.50	64,057.50	40.00	62.50	1	61.50	1,041.59	1,642.50
		<u>797,493.31</u>	<u>493,724.42</u>	<u>303,768.89</u>					<u>5,699.94</u>	<u>18,953.09</u>
Meters	1989	11,518.50	11,518.50	-	10.00	40.00	18	22.00	-	-
Meters	1990	3,671.85	3,671.85	-	10.00	40.00	17	23.00	-	-
Meters	1991	3,750.00	3,750.00	-	10.00	40.00	16	24.00	-	-
Meters	1992	5,769.95	5,769.96	(0.01)	10.00	40.00	15	25.00	(0.00)	-
Meters	1993	26,962.38	26,962.38	-	10.00	40.00	14	26.00	-	-
Meters	1994	20,941.86	20,941.86	-	10.00	40.00	13	27.00	-	-
Meters	1995	23,309.55	23,309.56	(0.01)	10.00	40.00	12	28.00	(0.00)	-
Meters	1996	20,512.83	20,512.83	-	10.00	40.00	11	29.00	-	-
Meters	2002	2,093.81	1,046.91	1,046.90	10.00	40.00	5	35.00	29.91	209.00
Meters	2003	3,310.00	1,324.00	1,986.00	10.00	40.00	4	36.00	55.17	331.00
Meters	2004	1,559.80	467.94	1,091.86	10.00	40.00	3	37.00	29.51	155.98
Meters	2005	5,881.13	1,176.23	4,704.90	10.00	40.00	2	38.00	123.81	588.11
Meters	2006	5,780.00	578.00	5,202.00	10.00	40.00	1	39.00	133.38	578.00
Meters UK	2006	1,500.00	150.00	1,350.00	10.00	40.00	1	39.00	34.62	150.00
		<u>136,561.66</u>	<u>121,180.02</u>	<u>15,381.64</u>					<u>406.40</u>	<u>2,012.09</u>
Tank #2	1997	849,758.63	191,195.69	658,562.94	40.00				21,243.97	21,243.97
Tank Painting	1986	12,000.00	12,000.00	-	10.00				-	-
Telemetry	2006	39,450.00	-	39,450.00	10.00				3,945.00	-
		<u>901,208.63</u>	<u>203,195.69</u>	<u>698,012.94</u>					<u>25,188.97</u>	<u>21,243.97</u>
Equipment	1987	4,941.43	4,941.43	-	10.00					
Computer Hardware	2000	4,985.00	4,985.00	-	7.00					712.14
Printer	2003	1,695.00	1,356.00	339.00	5.00				339.00	339.00
Bank Draft Software	2004	1,095.00	469.00	626.00	7.00				156.00	156.43
		<u>12,716.43</u>	<u>11,751.43</u>	<u>965.00</u>					<u>495.00</u>	<u>1,207.57</u>
Land		<u>2,000.00</u>								
		<u>1,849,980.03</u>	<u>829,851.56</u>	<u>1,018,128.47</u>					<u>31,790.31</u>	<u>43,416.72</u>
Less: Test Year									<u>(43,416.72)</u>	
Adjustment									<u>(11,626.41)</u>	

BIDDER agrees to perform all the work described in the CONTRACT DOCUMENTS for the following unit prices or lump sum:

NOTE: BIDS shall include sales tax and all other applicable taxes and fees.

BID SCHEDULE

**Northeast Woodford Water District
Lane's View Elevated Storage Tank Painting**

Item No.	Description	Amount	Unit	Unit Price	Total Price
				143,475.00	
1.	Clean & Paint Tank, Exterior & Interior, Complete in Place	1	Lump Sum	\$	\$143,475.00

TOTAL BID \$ 143,475.00

One Hundred Forty-Three thousand, Four Hundred Seventy-Five Dollars

Respectfully submitted,

Company Name: Caldwell Tanks, Inc.

Type or Print Representative Name & Title: Terry Currens, Director of Coating Sales

Signature: Terry Currens Date: 1/12/07

Address: 4000 Tower Road, Louisville, KY 40219

Employer ID Number: 61-0148890

Phone Number: 502-964-3361 859-734

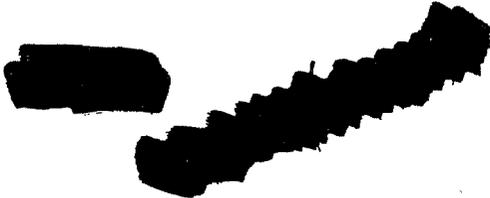
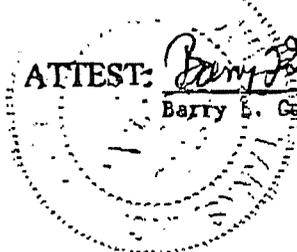
Fax Number: 502-966-8732 859-734-7

Cellular Number: 859-265-0905

E-Mail: tcurrens@caldwelltanks.com

ATTEST:

Barry E. Caswein
Barry E. Caswein, Secretary



Northeast Woodford County Water District
 Debt Service Requirement
 TYE 12/31/06

Exhibit F

Loan Number 02, 1971

	Principal	Interest	Total
2008	8,000	160	8,160
2009	-	-	-
2010	-	-	-
2011	-	-	-
2012	-	-	-

Loan Number 03, 1996

2008	7,000	26,019	33,019
2009	8,000	25,588	33,588
2010	8,000	25,128	33,128
2011	9,000	24,639	33,639
2012	9,000	24,121	33,121

Total

2008	15,000	26,179	41,179
2009	8,000	25,588	33,588
2010	8,000	25,128	33,128
2011	9,000	24,639	33,639
2012	9,000	24,121	<u>33,121</u>

Total

Divide by: Five

174,655

5

Five-Year Average

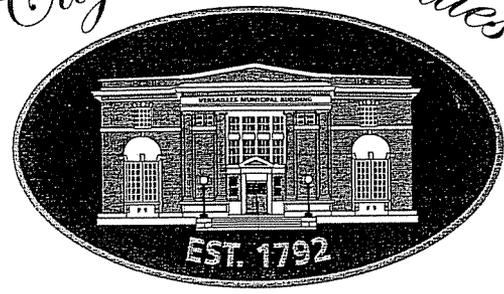
34,931

Billing Analysis for: Northeast Woodford			
Test Period From: December 2006			
	Meter Size	Gallons Sold	Revenue
	5/8 inch	125,143,000	479,645.88
	2 inch	8,993,000	27,146.52
	Totals	134,136,000	\$506,792.40

Exhibit G
2 of 2

Billing Analysis for: Northeast Woodford County Water District			
Test Period From: December 2006			
	Meter Size	Gallons Sold	Revenue
	5/8 inch	125,143,000	516,924.80
	2 inch	8,993,000	29,761.16
	Totals	134,136,000	\$546,685.96

City Of Versailles



"A Renaissance Kentucky City"

Fred Siegelman
Mayor
(859) 873-4581

Allison B. White
Clerk/Treasurer
(859) 873-5436

Bruce Southworth
Public Works Director
(859) 873-2245

William K. Moore
City Attorney
(859) 873-6207

John F. Wilhoit
Police Chief
(859) 873-3126

Frankie Shuck
Fire Chief
(859) 873-5829

Ms. Beth O'Donnell
Executive Director
Kentucky Public Service Commission
211 Sowers Blvd.
P.O. Box 615
Frankfort KY 40602-0615

RECEIVED
FEB - 7 2008
PUBLIC SERVICE
COMMISSION

February 6, 2008

Dear Ms. O'Donnell,

This letter is to inform you of our intent to adjust our water rates effective April 1, 2008. Please find enclosed the PSC Rate Change Request Form and copies of letters that we have sent to South Woodford Water District and Northeast Woodford Water District, our only two wholesale customers.

The new rate that we are proposing is to compensate the City for the Kentucky River Authority's (KRA) withdraw fee increase that also takes effect on April 1, 2008. . This action was taken by the KRA at its December 13, 2007 meeting.

If you have any questions, please feel free to contact me.

Sincerely,

Bruce Southworth
Public Works Director

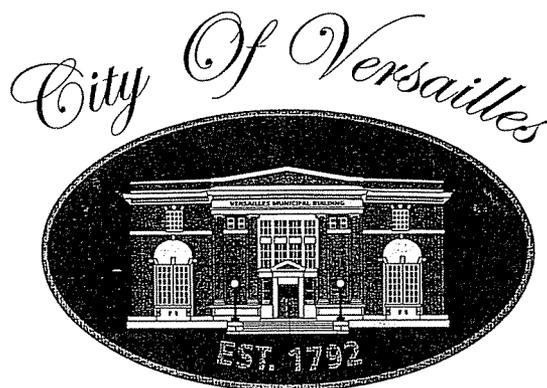
Enc: 7



Fred Siegelman
Mayor
(859) 873-4581

Allison B. White
Clerk/Treasurer
(859) 873-5436

Bruce Southworth
Public Works Director
(859) 873-2245



"A Renaissance Kentucky City"

William K. Moore
City Attorney
(859) 873-6207

John F. Wilhoit
Police Chief
(859) 873-3126

Frankie Shuck
Fire Chief
(859) 873-5829

Mr. Jonathan Davis
Northeast Woodford Water District
225 South Main St.
Versailles KY 40383

Via Certified Mail

February 6, 2008

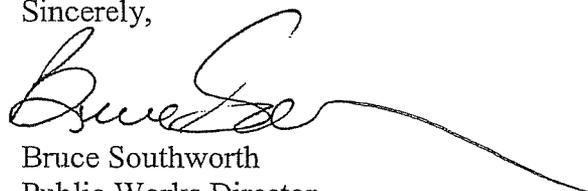
Dear Mr. Davis,

This letter is to inform you that the City of Versailles has, on this day, filed a rate increase request with the Kentucky Public Service Commission to take effect April 1, 2008.

The new rate that we are proposing is to compensate the City for the Kentucky River Authority's (KRA) withdraw fee increase that also takes effect on April 1, 2008. . This action was taken by the KRA at its December 13, 2007 meeting.

As always, we appreciate your business and look forward to continue working with you. If we can be of any assistance, please feel free to contact me.

Sincerely,



Bruce Southworth
Public Works Director

Enc: 3

RECEIVED
FEB - 7 2008
PUBLIC SERVICE
COMMISSION



196 South Main Street, P.O. Box 625, Versailles, Kentucky 40383
(859) 873-5969 Facsimile

NOTICE

Versailles Municipal Utilities (City of Versailles) has filed a proposed rate schedule which will increase by 2.77 (two and seventy seven one-hundredths) percent the rate(s) which it currently charges to Northeast Woodford Water District for water service. Versailles Municipal Utilities currently charges Northeast Woodford Water District \$2.20 per 1,000 gallons for water service.

It proposes to charge Northeast Woodford Water District \$2.26 per 1,000 gallons for water service effective April 1, 2008.

The rates contained in this notice are the rates proposed by Versailles Municipal Utilities. The Public Service Commission, however, may order rates to be charged that differ from the proposed rates contained in this notice.

Any corporation, association or person with a substantial interest in the matter may, by written request, within thirty (30) days after publication or mailing of this notice of the proposed rate changes request to intervene. Intervention may be granted beyond the thirty (30) day period for good cause shown.

Any person who has been granted intervention by the Public Service Commission may obtain copies of the rate application and other filings made by Versailles Municipal Utilities by contacting Bruce Southworth at the Versailles Municipal Building, 196 South Main Street, Versailles, Kentucky. His phone number is (859) 873-2245..

Any person may examine Versailles Municipal Utilities rate application and any other filings at its main office at 196 South Main Street, Versailles, Kentucky or at the Public Service Commission's Office at 730 Schenkel Lane, Frankfort, Kentucky.

Exhibit H
4 of 4

FOR City of Versailles, Kentucky
Community, Town or City

P.S.C. KY. NO. _____

_____ SHEET NO. _____

Versailles Municipal Utilities
(Name of Utility)

CANCELLING P.S.C. KY. NO. _____

_____ SHEET NO. _____

RULES AND REGULATIONS

Monthly Wholesale Rates for: **South Woodford Water District**
Northeast Woodford Water District

PROPOSED:

Gallons of Water Used Per Month:	Monthly Charge Per 1000 Gallons:
Monthly Meter Charge	\$0.00
All Water Used	\$2.26

CURRENT:

Gallons of Water Used Per Month:	Monthly Charge Per 1000 Gallons
Monthly Meter Charge	\$0.00
All Water Used	\$2.20

DATE OF ISSUE February 6, 2008
Month / Date / Year

DATE EFFECTIVE April 1, 2008
Month / Date / Year

ISSUED BY  **Bruce Southworth**
(Signature of Officer)

TITLE Public Works Director

BY AUTHORITY OF ORDER OF THE PUBLIC SERVICE COMMISSION
IN CASE NO. _____ DATED _____